

WATER UTILITY DELIVERY TAX & TASK FORCE EXTENSION

Prior Law_____

The Department values water utilities by determining the unit valuation of the entire operating property.

The Utility Replacement Tax Task Force was required to study, through January 1, 2013, the effects that replacement taxes imposed on electricity and natural gas providers have on local taxing authorities, local taxing districts, consumers, and taxpayers.

New Provisions_____

Property taxes imposed on water utilities will be replaced with an excise tax that will be based on the delivery of water to a consumer.

The replacement delivery tax is equal to the number of gallons of water delivered to consumers in the water utility's service area during the tax year multiplied by the replacement delivery tax rate in effect for the service area.

Each water utility whose property is subject to the replacement delivery tax is required to file a return containing specified information with the Director of Revenue on or before March 31 following the previous tax year.

The Director and the Department of Management then compute the allocation of the tax among the local taxing districts and report the allocations to the county treasurers on or before August 15. County treasurers then notify each water utility of its tax obligation before August 31. The water utility must remit the tax in two payments, the first on or before September 30 and the second on or before March 31.

All operating property and other property that is primarily and directly used in the delivery of water that is also subject to the replacement delivery tax is subject to a statewide property tax of three cents per thousand dollars of assessed value.

The existing Utility Replacement Tax Task Force is extended through January 1, 2016 and is required to study the effects that replacement taxes imposed on electricity and natural gas providers and on rate-regulated water utilities have on local taxing authorities, local taxing districts, consumers, and taxpayers.

Sections Amended_____

Section 1 of 2013 Iowa Acts Senate File 451 amends Code section 257.3, subsection 1, paragraph c, Code 2013. Section 2 amends Code section 331.604, subsection 4, Code 2013. Section 3 amends Code section 421.10, Code 2013. Section 4 amends Code section 427A.1, subsection 1, paragraph h, Code 2013. Section 5 amends Code

section 427B.17, subsection 5, unnumbered paragraph 1, Code 2013. Section 6 amends Code section 428.24, Code 2013. Section 7 amends Code section 428.26, Code 2013. Section 8 amends Code section 428.28, Code 2013. Section 9 amends Code section 437A.15, subsection 7, paragraph b, Code 2013. Sections 10 through 30, inclusive, create new Code sections 437B.1 through 437B.21, inclusive Code 2013. Section 31 amends Code section 441.73, subsection 1, Code 2013. Section 32 amends Code section 443.2, unnumbered paragraph 2, Code 2013. Section 33 amends Code section 476.6, subsection 19, paragraphs a and b, Code 2013.

Effective Date_____

Effective May 9, 2013, and retroactive to property tax assessments and replacement tax years beginning on or after January 1, 2013.